ERA Energy Resources of Australia Ltd
ABN 71 008 550 865

Media Release and ASX Announcement

26 July 2007

HALF-YEAR RESULTS 2007

	Six months ended 30 June 2007	Six months ended 30 June 2006	Change
Revenue (A$ million)	114.3	154.7	-26%
Earnings before interest and tax (A$ million)	12.4	32.9	-62%
Net profit after tax (A$ million)	5.7	19.9	-71%
Interim dividend (cents per share)	0.0	6.0	-100%
U_3O_8 drummed - tonnes	2,496	1,988	+26%
- pounds ('000)	5,503	4,383	
U_3O_8 sold - tonnes	2,200	3,198	-31%
- pounds ('000)	4,850	7,050	

Profit
On 8 June 2007, ERA announced that it expected to report a first half loss of between A$5 million and A$10 million. As part of the half year accounting close, a number of adjustments affecting profit and loss were identified. This resulted in a positive change to the profit and loss account of A$10 million after tax, taking ERA's 2007 half year net profit after tax to A$5.7 million compared with a profit of A$19.9 million for the same period in 2006. The reduction in profit was largely due to the deferral of production and sales deliveries associated with the exceptionally heavy rainfall at its Ranger operation in late February and early March 2007 and a delay in a vessel arrival. Earnings before interest and tax (EBIT) were $12.4 million (2006: $32.9 million).

Revenue and costs
Sales for the period were 2,200 tonnes which included no borrowed material (2006 sales: 3,198 tonnes). Revenue for the period was A$114.3 million (2006: A$154.7 million). Revenue was adversely affected (A$6.7 million) by the strengthening of ERA's realised A$:US$ exchange rate to 80.76 cents (2006: 73.81 cents). The company settled US$33 million (2006: US$33 million) in forward exchange contracts during the period at an average A$:US$ exchange rate of 66 cents (2006: 66 cents) resulting in a pre-tax gain of A$9.4 million (2006: A$5.9 million). No new currency exchange contracts were entered into during the period.

ERA's average contractual sales price is only partially influenced by the spot market due to the portfolio of contracts containing a range of pricing mechanisms entered into when the uranium oxide market was considerably weaker. The average realised sales price of uranium oxide for the period was US$16.90 per pound (2006: US$15.57 per pound).

Uranium prices remain strong and the average long term market price in June was US$95.00 per pound (2006: US$46.75 per pound).

Total operating costs were higher than the corresponding period last year due to the increased production during the period. Increased raw materials costs reflected ore characteristics driving increased acid usage and increased acid prices as a result of a higher imported proportion. Increased employee and contractor costs include costs incurred as a result of removing surplus water from the operating pit. Depreciation and amortisation charges were higher due to the capitalisation of projects completed during 2006, the accelerated depreciation of the acid plant, which will be closed later this year, and increased production during the first half of 2007 compared with the first half of 2006.

Operations
Drummed production for the half year was 2,496 tonnes of uranium oxide (2006: 1,988 tonnes of uranium oxide), an increase of 26 per cent. The improved production compared to the same period for 2006 was due to an increase in ore milled of five per cent and significantly higher mill head grade (22 per cent higher than first half 2006). The half year results for 2007 were affected by exceptionally heavy rainfall at the Ranger mine site and processing plant in late February and early March. This caused ERA to declare *force majeure* on its sales contracts on 7 March 2007.

Ore stockpiled in late 2006 and early 2007 contributed significantly to production in the first half of this year, however, the high water levels in the pit constrained mining activity in the second quarter of 2007. The acid plant continued to operate albeit at lower levels than the first quarter. However, acid supply was supplemented through external purchases. Bulk acid imports will commence in the third quarter after which the acid plant will be decommissioned.

Cashflow
Net cash inflow for the half year was A$3.0 million (2006: A$23.2 million) which reflected a decrease in receivables as sales were deferred to the second half of 2007. Payments for the first half increased to A$117.4 million (2006 A$92.6 million) reflecting increased production costs.

Dividends
In light of the reduced profit, ERA Directors declared no interim dividend, (2006 interim: six cents per share). It is expected that a final dividend will be declared after the 2007 full year results are known.

Outlook for 2007
ERA has undertaken a number of strategies to increase the rate of water removal from the operational pit. Approval has been received for a new land application area for irrigation that will be commissioned in the third quarter of 2007. Combined with other water disposal mechanisms and efforts to increase uranium recovery from ore in the processing plant, this means that the full year production in 2007 is likely to exceed 5,200 tonnes, while production in 2008 is likely to be in excess of 5,000 tonnes. ERA will continue to work on strategies to further reduce the impact of the weather event, including the potential installation of additional water treatment capacity.

Sales volumes in the second half of the year are expected to be higher than in the first half as commitments deferred from the first half are met in the last quarter of 2007. 2007 full year sales are expected to be generally in line with production.

Construction on a laterite processing plant and a radiometric sorter commenced in the first half of 2007. The laterite processing plant will be used to process stockpiled lateritic ore, ore containing a large proportion of clay minerals. This ore is not compatible with the current processing plant. The radiometric sorter is able to sort ore according to contained uranium and will be used to increase throughput grade. Both projects remain on track for commissioning in early 2008.

Exploration drilling to the east of the existing operational pit continued during the first half of 2007 and will continue in the second half of 2007. Results have been encouraging and feasibility work is well underway on an extension to the existing Ranger pit 3. The study will be completed in late 2007.

Investor queries: Susie Creswell on (03) 9283 3639/Dave Skinner on (03) 9283 3628
Media queries: Amanda Buckley on 0419 801 349